

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

15th APRIL 2015

REPORT OF HEAD OF CENTRAL SERVICES

**BUSINESS RATES – DISCRETIONARY RELIEF (LOCAL DISCOUNTS)
FOR CHILD CARE PROVIDERS**

1.0 PURPOSE OF THE REPORT

- 1.1. To ask members to approve a scheme to support Child Care Providers within the Borough through discretionary powers available to Local Authorities to support businesses throughout the whole Borough.

2.0 RECOMMENDATIONS

2.1 It is recommended that:-

(1) The Business Rate – Discretionary Rate Relief (Child Care providers) as set out at Appendix A is adopted by Melton Borough Council from 2015/16.

(2) Delegated Authority is given to the Head of Central Services in consultation with the Head of Communities and Neighbourhoods to make any necessary changes to the above scheme (including adding additional criteria and changing percentage relief granted) based on experience from delivery of the scheme.

3.0 KEY ISSUES

Background

- 3.1 In its Business Rates Information Letter (1/2015) the Government wanted to encourage local authorities to consider using their business rates local discounts powers to support access to local high quality childcare provision.
- 3.2 The Council has a successful track record of working and supporting local providers to improve the quality of child care provision as it understands that it is crucial to stop development gaps emerging and to ensure that children get the best possible start in life. The Council is particularly at the forefront in supporting families with children under 3 years old during these key formative years.
- 3.3 The scheme at Appendix A will enable the Council to further support Child care providers through reducing the business rates payable, enabling the child care provider to focus resources back into providing high quality child care provision.
- 3.3 The Government is encouraging Local Authorities to use their discretionary relief powers introduced under Section 47 of the Local Government Finance Act 1988, as amended by Part 4 of the Localism Act 2011. The council is not permitted to award discretionary relief to a precepting authority or itself as a billing authority.

Administration of the Scheme

- 3.4 Work has been undertaken to identify the qualifying properties and staff within Communities and Neighbourhoods will work closely with Child Care providers to identify where the granting of a discretionary relief is appropriate. Any relief will be through a credit to the Business Rates bill, will be after any Small Business Rate Relief (SBRR) or Mandatory Charitable Relief (MCR) has been awarded and for relief granted in 2015/16 will be backdated to start from 1 April 2015 if the relevant criteria has been met.
- 3.6 Investigation of the current rating database show that 12 properties may be eligible to receive the discretionary rate relief.
- 3.7 European union competition rules generally prohibit Government subsidies of businesses and relief from taxes, including business rates, as this can constitute state aid. Consideration of this will be given to this when granting any discretionary rate relief.
- 3.9 The scheme will be publicised on the Council website and the People and Place Manager will also market the scheme as appropriate.
- 4.0 Relief will only be awarded for one financial year but will be reviewed annually. This is to meet the requirements of giving one year notice to businesses if there is a change in the award of any relief (i.e. if it is to be removed).

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 There are clear links to some of the priorities in the Corporate Plan specifically:
- Support people and businesses through the economic downturn
 - Improving the well-being of vulnerable people
 - Meet the Economic needs of Borough
 - Improving quality of life for people living in the most disadvantaged neighbourhoods

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 The cost of granting discretionary rate relief will be funded as shown below:
- 50% Central Government
 - 40% Melton Borough Council
 - 9% Leicestershire County Council
 - 1% Combined Fire Authority.

- 5.2 In 2014/14 the rates situation for the 12 identified properties was

	£
Total Rates payable	61,482
Less SBRR/MCR	25,590
Amount to be paid	35,892

For explanatory purposes, if 50% relief on the above total was awarded, then Melton Borough Council's contribution would be £7,178.40.

6.0 LEGAL IMPLICATIONS

- 6.1 This discretionary rate relief scheme is able to be administered through the Localism Act as an amendment to Section 47 of the Local Government Finance Act 1988. One year

notice must be given to Businesses if there is a change in the scheme. So all qualifying businesses will be advised that any award of relief is for one year only.

6.2 State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However extended transitional relief will be State Aid compliant where it is provided in accordance with the de minimis Regulations.

To administer de minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of de minimis aid. A declaration will be sent to all qualifying businesses asking them to inform the Council if awarding of extended transitional relief will mean they exceed the State Aid de minimus level.

7.0 COMMUNITY SAFETY

7.1 There is no direct connection to community safety arising from this scheme.

8.0 EQUALITIES

8.1 It is considered that An Equalities Impact Assessment is not required as the scheme is open to all qualifying businesses.

9.0 RISKS

9.1 Probability

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Very High A				
High B				
Significant C				
Low D		2		
Very Low E	1			
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

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Impact

Risk No.	Description
1	Costs increase beyond initial setting up of the scheme
2	Council will face a legal challenge from not awarding relief

10.0 CLIMATE CHANGE

10.1 No impact on climate change

11.0 CONSULTATION

11.1 The views of Leicestershire County Council and the Combined Fire Authority have been sought as there is a financial impact to them in the award of any relief as outlined in Section 5 above.

12.0 WARDS AFFECTED

12.1 Any ward with a Child Care Provider paying business rates will be affected.

Contact Officer: Martyn Bowen

Date:

Appendices: A- Melton Borough Council Business Rates – Discretionary Rate Relief (Local Discount) - Child Care Providers

Background Papers: None

Reference: X drive/Committee/PFA/15/04/2015/DG- Business Rates – Discretionary Rate Relief

